

## **HORSE RACING COMMISSION**

### **MINUTES OF THE MEETING**

Date: October 26, 2015 at 1:30 PM

Place: Rolex Hospitality Room, Kentucky Horse Park, Lexington, KY

Members Present: Chairman Robert M. Beck, Jr.; Vice Chairman Tracy Farmer; Commissioner Edward S. "Ned" Bonnie; Commissioner Elizabeth Lavin; Commissioner Tom Conway; Commissioner Burr Travis, Jr.; Commissioner Jerry Yon, M.D.; Commissioner D. Wayne Lukas; Commissioner Neil Howard; Commissioner Frank Jones, Jr.; Commissioner Clayton Patrick; and Commissioner Steve H. Stewart

Ex-officio Members Present: Secretary Ambrose Wilson, IV, Public Protection Cabinet; William Dexter, representing the Tourism, Arts and Heritage Cabinet; and John Christian Enochs, representing the Cabinet for Economic Development

KHRC Staff Participating: John T. Ward, Jr., Executive Director; Marc A. Guilfoil, Director of Racing; Susan B. Speckert, General Counsel; Greg Lamb, Supervisor of Pari-Mutuel Wagering; Mary Scollay, DVM, Equine Medical Director; Jamie Eads, Director of Incentives and Development; Barbara Borden, Chief State Steward; Rich Williams, Chief Judge; and Will Farmer, DVM, Chief Racing Veterinarian

Others Participating: Mr. Ron Geary, Ellis Park; Mr. Kevin Flanery and Mr. E. Lysonge, Churchill Downs; Mr. Corey Johnsen, Kentucky Downs; Mr. William May, Thunder Ridge; and Ms. Julie Sorrell, The Red Mile

Judge Larry VanMeter administered the oath of office and swore in two new commissioners, Clayton Patrick and Steve H. Stewart

Meeting called to order and roll call performed by Chairman Beck. A quorum was recognized.

<b>AGENDA ITEM</b>	<b>TRANSCRIPT PAGE NUMBER(S)</b>	<b>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</b>	<b>ACTION TAKEN</b>
<b>ANNOUNCEMENTS</b>	6 – 7	Chairman Beck requested that all Commissioners respond as to their availability for scheduling the December 2015 meeting. Additionally, new commission badges will be mailed to all commissioners who have a photo on file and he requested that those who do not have a photograph on file, please have one taken at the Commission office.	

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<b>Tab 1 Approve the minutes of the September 17, 2015 meeting</b>	7	Chairman Beck presented the minutes of the September 17, 2015 meeting for approval.	Motion to approve the minutes as presented by Commissioner Travis. Second by Commissioner Howard. Motion carried with no objections or abstentions.
<b>Tab 2 Approve KTDF Purse Structure – Churchill Downs Fall Meet</b>	7 – 8	<p>Ms. Eads presented Churchill Downs’ request dated October 6, 2015 for approval of its KTDF purse structure for the 2015 Fall meet and the ability to payout KTDF purses on eligible horses first through last place.</p> <p>Staff has confirmed that at the end of the September 2015 meet, Churchill Downs had a KTDF surplus of \$139,653.72. Churchill Downs projects to card KTDF purses in the range of \$500,000 to \$600,000, which is based on a payout of approximately 82% of the amount carded and daily earnings of \$15,700.</p> <p>The KTDF Advisory Committee approved recommendation of Churchill Downs’ request at its October 6, 2015 meeting. Approval is recommended.</p>	Motion to approve by Commissioner Lavin. Second by Commissioner Travis. Motion carried with no objections or abstentions.
<b>Tab 3 Approve KTDF Purse Structure – Turfway Park 2015 Holiday Meet &amp; 2016 Winter/Spring Meet</b>	8 – 10	<p>Ms. Eads presented Turfway Park’s request dated October 2, 2015 for approval of its KTDF purse structure for the 2015 Holiday meet and 2016 Winter/Spring meet and the ability to payout KTDF purses on eligible horses first through last place.</p> <p>Staff has confirmed that at the end of the 2015 Winter/Spring meet, Turfway Park had a KTDF surplus of \$108,952.89. Turfway Park projects to card KTDF purses of \$1,636,000, with \$350,000 for the 2015 Holiday meet and \$1,286,000 for the 2016 Winter/Spring meet, which is based on a payout of approximately 75% of the amount carded. The request includes \$100,000 be allocated on stakes races.</p>	Motion to approve by Commissioner Bonnie. Second by Commissioner Yon. Motion carried with no objections or abstentions.

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		The KTDF Advisory Committee approved recommendation of Turfway Park's request at its October 6, 2015 meeting. Approval is recommended.	
<b>Tab 4 Approve Turfway Park's 2015 Holiday Meet and 2016 Winter/Spring Meet Officials</b>	10 – 11	<p>Mr. Guilfoil presented Turfway Park's request dated October 13, 2015 for approval of its roster of racing officials and dates preference system for the 2015 Holiday meet and 2016 Winter/Spring meet. All Stewards are ROAP accredited and all officials have previously performed the duties for which they are listed and are currently licensed. The Kentucky Horsemen's Benevolent and Protective Association (KyHBPA) has approved the requested dates preference system.</p> <p>Staff recommended approval.</p>	Motion to approve by Commissioner Bonnie. Second by Commissioner Howard. Motion carried with no objections or abstentions.
<b>Tab 5 Approve Kentucky Downs' request to offer four new historical horse wagers</b>	11 – 17	<p>Ms. Speckert presented Kentucky Downs' request dated October 15, 2015 for approval to offer four (4) new historical horse race wagers and to proceed with the installation of 125 of the 275 additional terminals approved by the Commission at its August 18, 2015 meeting.</p> <p>The requested wagers are based on Association of Racing Commissioners' (ARCI) Model Rule 004-105T. Testing of the wagers has been performed by, and a satisfactory functionality report received from, the Commission's independent testing laboratory, Gaming Laboratories International (GLI).</p> <p>Staff has reviewed the wagers to ensure compliance with regulations and recommended approval contingent upon receipt of a revised breakdown of wagers and denominations. Staff also recommended approval of the installation of 125 additional terminals contingent upon final staff approval of the floor plan and security coverage and receipt of an amended floor plan schematic before being offered to the public.</p>	Motion to approve by Commissioner Bonnie. Second by Commissioner Howard. Motion carried with no objections or abstentions.

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<b>Tab 6 Approve KRM's request to approve new historical horse wager</b>	17 – 20	<p>Ms. Speckert presented KRM's request dated October 15, 2015 for approval of a new historical horse race wager entitled "Breeders' Cup."</p> <p>The requested wager is based on ARCI Model Rule 004-155A(4). GLI has performed testing on the wager and issued a satisfactory functionality report. GLI's testing confirms the wager is compliant with KHRC regulations and requirements, and constitutes pari-mutuel wagering based on the outcome of a historical horse race. Ms. Underwood confirmed that the intellectual property side of the use of "Breeders' Cup" had been worked out.</p> <p>Based on the documentation presented and GLI's satisfactory functionality report, the staff recommended approval contingent upon final staff approval of the revised floor plan and security coverage; receipt of a revised floor plan schematic; final staff approval of number of terminals offering each approved wager; and receipt of a revised breakdown of wagers and denominations.</p>	Motion to approve by Commissioner Jones. Second by Commissioner Lavin. Motion carried with no objections or abstentions.
<b>Tab 7 Approve Churchill Downs' request for Unique Pick-6 changes</b>	20 – 23	<p>Mr. Lamb presented Churchill Downs' request received October 15, 2015 to make changes to the Unique Pick-6 wager. The requested changes include: 1) increasing the minimum wager from \$0.10 to \$0.20; 2) lowering takeout rate to 15%; 3) only one single winning ticket at the minimum value (\$0.20) for the pool to be paid out; and 4) if there is no single winning ticket, 100% of the net pool for that day would be added to the carryover pool for the next performance.</p> <p>Staff has reviewed the wager and recommends approval.</p>	Motion to approve by Commissioner Travis. Second by Commissioner Jones. Motion carried with no objections or abstentions.
<b>Tab 8 Approve 2016 Conditions of Racing Association and OTB Facility Licensing</b>	23	Ms. Speckert presented the proposed 2016 Conditions of Racing Association and Off-Track Betting (OTB) Facility Licensing (2016 Conditions). Ms. Speckert stated that there are no changes to the 2016 Conditions from last year and that the Race Dates Committee had discussed the proposed 2016 Conditions at its October 6, 2015 meeting	Motion to approve by Commissioner Bonnie. Second by Commissioner Jones. Motion carried with no objections or

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<b>Tab 9 Approve 2016 Racing Association Applications</b>	24 – 43	<p>and approval was recommended.</p> <p>Chairman Beck presented the 2016 racing association applications for licensure and requests for race dates and host status.</p> <p>Chairman Beck noted that at the October 6, 2015 Race Dates Committee (Committee) meeting, issues arose concerning thoroughbred September 2016 dates and licensure of Thunder Ridge. The Committee asked the racing associations with an interest in September to work out a settlement. At that meeting with the exception of thoroughbred dates for the month of September 2016 and Thunder Ridge's application, the Committee approved recommendation for licensure and all other requested race dates and host status for Bluegrass Downs, Churchill Downs, Ellis Park, Keeneland, Kentucky Downs, Red Mile and Turfway Park for 2016.</p> <p>Chairman Beck stated that the second scheduled meeting of the Race Dates Committee was cancelled because the racing associations with an interest in September had reached an agreement. That agreement is reflected on the proposed 2016 race dates calendar as presented.</p> <p>Chairman Beck went through the proposed 2016 race dates calendar as presented month by month.</p>	<p>abstentions.</p> <p>Motion to approve Thunder Ridge's license application and requested races dates contingent upon payment being made in full to Turfway Park, Kentucky Downs and Churchill Downs, and if not paid in full a report satisfactory to the Commission as to why be presented at the Commission's next scheduled meeting. Second by Commissioner Stewart. Motion carried with no objections or abstentions.</p>
	26 – 35	<p>In response to an inquiry by Commissioner Travis, Ms. Speckert stated that the Commission had just been informed that an agreement between Thunder Ridge and the Kentucky Harness Horsemen's Association (KHHA) had been reached and the documenting letter would be forthcoming. Chairman Beck also noted that the Race Dates Committee had requested Thunder Ridge to provide additional financial information and that that information had been received. Chairman Beck stated that the Race Dates Committee informally agreed with awarding Thunder Ridge its</p>	<p>Motion to approve the race dates as presented on the proposed 2016 race dates calendar contingent upon: 1) Commissioner Bonnie's previously carried motion in regard to Thunder Ridge; receipt of the approval letter for Thunder Ridge from the KHHA; 3) receipt of</p>

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	35 – 43	<p>requested dates for 2016.</p> <p>In response to Mr. Ward’s comment that he had received correspondence from Turfway Park expressing concern that a settlement between Thunder Ridge and Turfway Park in connection with simulcasting funds owed to Turfway Park was not in place, Mr. May stated that Thunder Ridge contemplated paying its outstanding balances from the proceeds received through its transaction with Keeneland. A discussion among the Commission members occurred during which Churchill Downs and Kentucky Downs noted that Thunder Ridge also owed them simulcasting funds. Following the discussion, Commissioner Bonnie offered a motion that Thunder Ridge’s license application and requested races dates be approved contingent upon payment being made in full to Turfway Park, Kentucky Downs and Churchill Downs, and if not paid in full a report satisfactory to the Commission as to why be presented at the Commission’s next scheduled meeting.</p> <p>Chairman Beck concluded presenting the proposed 2016 race dates calendar and requested a motion to approve the race dates and simulcasting as presented on the proposed 2016 race dates calendar contingent upon: 1) Commissioner Bonnie’s previously carried motion in regard to Thunder Ridge; receipt of the approval letter for Thunder Ridge from the KHHA; 3) receipt of amended approval letters from the KyHBPA for Ellis Park, Churchill Downs and Kentucky Downs; and 4) receipt of an amended approval letter from the Kentucky Thoroughbred Owners and Breeders (KTOB) for Ellis Park.</p>	<p>amended approval letters from the KyHBPA for Ellis Park, Churchill Downs and Kentucky Downs; and 4) receipt of an amended approval letter from the Kentucky Thoroughbred Owners and Breeders (KTOB) for Ellis Park. Second by Commissioner Jones. Motion carried with no objections or abstentions.</p>

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<b>Tab 10 Reports</b>	43 – 49		No action taken. Informational items only.
<b>a. Thoroughbred Rulings</b>	43	a. Mr. Guilfoil presented the thoroughbred ruling report on behalf of Ms. Borden. He stated that Ms. Borden would be available at the December 2015 meeting to address any questions.	
<b>b. Standardbred Rulings</b>			
<b>c. Veterinary Division</b>	47 – 49	Mr. Bonnie raised an issue and Chairman Beck recommended that Mr. Borden address the issue at the next meeting.	
<b>d. Pari-Mutuel Wagering Division</b>	43	b. Mr. Williams presented the standardbred ruling report.	
<b>e. Regulations and Litigation</b>	43 – 44	c. Due to the absence of Dr. Scollay and Dr. Farmer, presentation of the race-related fatality and the veterinary division reports were deferred to the next scheduled meeting.	
	44 – 46	d. Mr. Lamb presented the September 2015 wagering on historical horse racing handle reports for Kentucky Downs, Ellis Park and Red Mile, and live racing for Churchill Downs, Kentucky Downs and the Red Mile.	
	49	e. Status Report on Regulations and Litigation – For Informational Purposes Only.	
<b>Other Business</b>	49	Chairman Beck introduced the two new Commissioners sworn in before the beginning of the meeting, Steve Stewart and Clay Patrick, and asked that each share a little bit about themselves.	No action taken. Informational items only
	49 – 50	Commissioner Stewart addressed the Commission and audience.	
	50 – 51	Commissioner Patrick addressed the Commission and audience.	
	51 – 52	Chairman Beck announced that Mr. E Lysonge had resigned his position with Churchill Downs.	

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<b>Adjournment</b>	52 – 53	Chairman Beck requested a motion for adjournment.	Motion to adjourn by Vice Chairman Farmer. Second by Commissioner Yon. Motion carried with no objections or abstentions.

**NOTE:** The Agenda materials and any amendments thereto, subject to any applicable exemptions, and the official Transcript are incorporated by reference as if set forth fully herein.